

Ed and Mary's Statement of Financial Position

	Total Points Earned
15	Total Points Possible
	Percentage

Name _____

Date _____

Class _____

As retirement grows near, Ed and Mary are more and more anxious about their financial position. They worked hard for many years and saved quite a bit of money, but they aren't sure they have planned well enough to meet their financial needs during retirement. Their financial advisor has encouraged them to take a serious look at their finances by creating a Statement of Financial Position for October 15. Use the information below to help Ed and Mary complete this task. (10 points for completion)

As Mary and Ed look through their information, they see both positive and negative factors that contribute to their financial position. Their home was just appraised at \$215,000, on which they owe only \$18,000. They have \$37,500 in their savings account. Other positives included their \$12,000 in stocks, a balance of \$2,250 in a joint checking account and \$3,000 in other savings tools. Their individual retirement accounts total \$230,500, and they own fifty acres of land that is valued at \$48,000. They also own two vehicles, one valued at \$12,000 and the other at \$8,000. Items the couple owns include a computer, worth \$500, a television worth \$400, and antiques valued at \$7,000. They also own furniture that is worth approximately \$12,000. Mary inherited jewelry that is valued at \$3,000, and Ed has a collection of hunting rifles valued at \$5,300.

Although it would appear that Ed and Mary are well off financially, there are additional factors to consider when evaluating their net worth. They took out a home improvement loan a few years back and still owe \$27,500 to pay that in full. The couple has three credit card balances, for a grand total of \$14,300. They owe \$4,000 and \$8,000 for their vehicles, and another \$8,000 for the fifty acres of land.

Using the template provided, complete Ed and Mary's Statement of Financial Position. When the statement is complete, analyze the statement to answer the questions below about Ed and Mary's overall "financial temperature."

1. Would you describe Ed and Mary's current financial position as good, average, or poor? Provide two specific examples to support your position. (3 points)

2. What are two specific steps Ed and Mary could take to increase their net worth in the next year? (2 points)